MANITOBA

ANNUAL REPORT

1982

The Public Utilities Board

THE PUBLIC UTILITIES BOARD

ANNUAL REPORT

FOR THE YEAR ENDING
DECEMBER 31, 1982

To the Honourable John Bucklaschuk,
Minister of Consumer and Corporate Affairs,
156 Legislative Building,
Winnipeg, Manitoba.
R3C 0V8

Sir:

Section 109(1) of The Public Utilities Board Act (CAP. P280, R.S.M. 1970) directs that the Manitoba Public Utilities Board

> "....shall, on or before the first day of March in each year, transmit to the Minister a report for the year ending the thirty-first day of December in the last preceding year...."

including therein summaries and statistics pertaining to all findings and activities of the Board.

Section 109(2) of The Public Utilities Board Act (CAP. P280, R.S.M. 1970) directs that the Report of the Board thus transmitted to the Minister

> "....shall be submitted to the Legislature if it then is in session and, if not, at the next session thereof."

Pursuant to the provisions of Section 109(1) of the Act, I am pleased to transmit to you as Minister under the Act, the Twenty-Third Annual Report of the Manitoba Public Utilities Board, pertaining to the year ending on the thirty-first day of December, 1982, on behalf of those Members whose signatures are affixed hereunder and who comprised the Board for the period covered by this Report and on the date of transmission recorded herein.

The Board has now discharged its responsibilities in all particulars pursuant to Section 109(1) of The Public Utilities Board Act.

Respectfully transmitted, this 28th day of February, 1983.

Yours very truly,

J.D. McNairnay, Q.C.,
Chairman.

Oscar Tonn - Member

Rudy Schilling - Member

Vic Savino - Member

Susan Proven - Member

G.O. Barron - Secretary

TABLE OF CONTENTS

Page No.

INTRODUCTION .....
- Responsibilities of the Board 1
- Board Personnel 2
- Summary of Board Activities -
  - Board Meetings and Hearings 3
  - Orders Issued 3

NATURAL GAS DISTRIBUTION UTILITIES
- Background 4
- General 7
- Greater Winnipeg Gas Company 9
- Inter-City Gas Utilities Ltd. 13
- Plains-Western Gas (Manitoba) Ltd. 15

PROPANE GAS DISTRIBUTION UTILITY
- Steelgas Utilities Ltd. 17

THE MANITOBA TELEPHONE SYSTEM 21

THE LIQUOR CONTROL COMMISSION 24

THE MUNICIPAL ACT
- Water and Sewer Utilities 26
- Street Lighting Contracts 28

THE HIGHWAYS PROTECTION ACT 29

THE PREARRANGED FUNERAL SERVICES ACT 30

TABLE OF CONTENTS

	Page No.
THE CEMETERIES ACT	31
CABLEVISION	32
REVENUES OF THE PUBLIC UTILITIES BOARD	33

RESPONSIBILITIES

The Public Utilities Board is an independent quasi-judicial body operating under the authority of the Manitoba Legislature.

The Board is responsible for the regulation of public utilities as defined under The Public Utilities Board Act in all matters and in such manner as set out in that legislation. Several other enactments which assign regulatory or adjudicative responsibilities to the Board are:

The Greater Winnipeg Gas Distribution Act
The Gas Pipe Line Act
The Gas Storage and Allocation Act
The Prearranged Funeral Services Act
The Cemeteries Act
The Municipal Act (Local Utilities and Street Lighting)
The Manitoba Water Services Board Act (Appeals)
The Highways Protection Act (Appeals)
The Liquor Control Act (Wholesale Beer Prices)
The Manitoba Telephone Act
The Manitoba Hydro Act (Appeals, Reference)

The Board is also charged by Orders-in-Council relating to a Canada-Manitoba Agreement to adjudicate certain disputes arising between the Manitoba Telephone System and licensed Cable Television Operators.

BOARD PERSONNEL

For the period of this Report and at the date of its transmission, the Board consisted of five Members, assisted by a Secretariat:

Chairman of the Board	Mr. J. D. McNairnay, Q. C.
Member	Mr. O. Tonn
Member	Mr. R. Schilling
Member	Mrs. S. Proven
Member	Mr. V. Savino
Executive Secretary	Mr. G. O. Barron

Professional, technical and expert assistance is regularly available to the Board, as authorized by statute and/or by Order-in-Council in respect of the appropriate statutory provision in The Public Utilities Board Act. Such legal, engineering, accounting and other professional or technical staff support at service to the Board is by statute wholly and exclusively under Board direction in respect of that service. These resources are drawn upon on an "as needed" basis and paid fees set by Order-in-Council on an "as utilized" basis, plus expenses, with such disbursements being recoverable from the entities regulated or applying to the Board for service or adjudication. The Board is empowered by statute (The Public Utilities Board Act) to secure such other assistance as it deems appropriate in the process of adjudication, with the related disbursements, if any, being charged directly to the parties as the Board may determine.

BOARD MEETINGS AND HEARINGS

A total of 70 Board meetings and public hearings were held in 1982:

Board Meetings	30
Public Hearings	40

ORDERS ISSUED

During the year ending December 31, 1982, 215 Orders were issued, as follows:

Public Utilities	206
Highways Protection Act	9

Note: Copies of the decisions of The Public Utilities Board of Manitoba are available from the Board's offices upon request.

Public Utilities Orders

Municipal Street Lighting Contracts with Manitoba Hydro	53
Water and Sewer Utilities	101
Gas Utilities	27
Manitoba Telephone System	18
Liquor Control Act	5
Greater Winnipeg Gas Distribution Act	1
Transit	1

Highways Protection Act Orders

Appeals	9

NATURAL GAS DISTRIBUTION UTILITIES

BACKGROUND

The continuing increase in natural gas rates in 1982 is a matter for concern, and an understanding of the elements effecting the pricing of natural gas may be helpful.

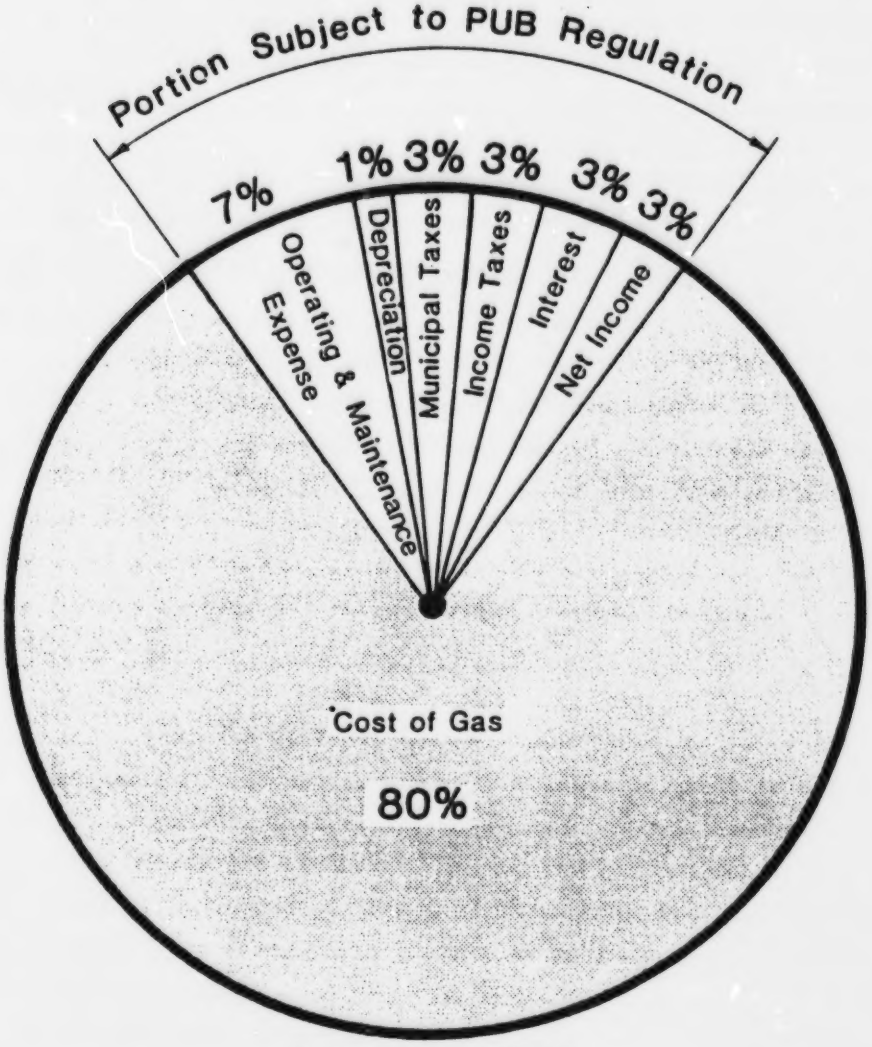
There are two principal causes for the increasing natural gas prices. The most frequent, and the largest in dollar terms, is the cost which the gas utility itself must pay for its gas. This is a combination of the wholesale price of natural gas delivered to the gas utilities by TransCanada PipeLines Limited, as determined by the National Energy Board, plus the Excise or Natural Gas Tax imposed by the Federal Government, in increasing amounts, on top of the wholesale price.

In 1980, the National Energy Program proposed an increase to all consumers of Canada-produced oil and gas in order to subsidize the rapidly increasing cost of oil imported from OPEC countries for the areas of Canada not served by the oil and gas domestically produced. It was hoped by that means to equalize as much as possible fuel costs across Canada. The accumulative result of actions of the Canadian and Alberta Governments over the past several years has been that the cost of gas purchased from TransCanada PipeLines Limited, including Excise Taxes, and Canadian Ownership Charges, has increased the cost of natural gas from 34¢ per thousand cubic feet (MCF) in 1973, to $3.56 per MCF in September, 1982.

The second major cause for increasing natural gas prices is the revenue required by the gas utilities to operate their companies,

raise necessary capital, and provide safe and efficient service to customers. These costs are a relatively small component of the rates paid by customers, as will be seen from the graph - titled "Distribution of Gas Utilities Income" - which follows this discussion. Ironically, it is these costs which are the subject of much scrutiny at public hearings.

Before these charges can be passed through to customers, The Public Utilities Board Act requires approval by The Public Utilities Board and the Board must be satisfied that these costs warrant being passed on to the customers and determine whether the utility can absorb some or all of the cost. In recent years, all such cost increases have been passed on to the customers.



January 1983

GREATER WINNIPEG GAS COMPANY

Distribution of Gas Utility Revenue

*Cost of Gas Includes TransCanada Pipelines Limited Transportation Tolls, Federal and Alberta Government Taxes, Royalties, and Gathering System and Producer Costs.

GENERAL

Effective February 1 and August 1, 1982, the cost of natural gas to each of the Provincial natural gas utilities increased in whole or in part for the following reasons:

1. Increases in the Alberta Border Price as set out in the Memorandum of Agreement between the Federal and Alberta Governments relating to Energy Pricing and Taxation dated September 1, 1981.

2. Adjustments in Federal Excise Tax.

3. Increases in rates charged by TransCanada PipeLines Ltd. (approved by the National Energy Board).

4. Increases in cost of propane (unregulated).

In Notices of Public Hearing, the Board notified the general public by way of newspaper publications and by way of serving of Notice on the franchise-granting municipalities, that the utility serving their respective homes and areas applied to The Public Utilities Board to increase its rates for reasons mentioned above, in whole or in part, and that if granted by the Board as submitted, it would increase the average residential customer's annual heating bill by approximately $50 to $80.

Intervention by the general public at these hearings became increasingly prevalent. However, in each instance, it appeared obvious to the Board that the public was unaware of the specific reasons which precipitated the applications. On each occasion, the Applicant Companies

and the Board took the opportunity to advise the public that the reasons that the applications were prompted, as noted above, were beyond the control of the Company and beyond the jurisdiction of the Board and that the Board's principal role on these occasions is to ensure that only the increased cost of gas was permitted to be collected and that the increase in cost of gas was collected fairly and equitably among all of the Companies' customer classifications. On every occasion the Board assured itself that the Companies' profits were not enhanced whatsoever.

At the request of some Intervenors the Board addressed specifically the effect the increased cost of gas was having on customers in Manitoba and forwarded copies of its decisions to the Federal Minister responsible.

As provided in the Agreement between the Federal Government and the Province of Alberta, natural gas is going to continue to rise on February 1st and August 1st of each year until the year 1986 and one of the utilities before the Board indicated in the Fall of 1982, that unless the Memorandum of Agreement is altered or rescinded, the cost of natural gas will double by 1986.

GREATER WINNIPEG GAS COMPANY

The Company filed an application in February, 1982 requesting permission to pass-on additional costs for gas arising as a result of the factors discussed under the heading "General". The Board's Notice of Hearing advised the customers of the Greater Winnipeg Gas Company that if the application were approved by the Board as filed, the average residential customer's annual heating costs would increase approximately $70. In the fall of 1982 the Company filed a further application to the Board for similar reasons and indicated that if approved as submitted, it would increase the average residential customer's annual heating cost by an additional $80.

In Order Nos. 39/82, 150/82, 153/82 and 158/82 the applications of the Company for the pass-through of the increased cost of gas was dealt with by the Board. Although adjustments were made to the Company's application as to the method of recovery, in effect, the pass-through of the increased cost of gas to the Company was approved.

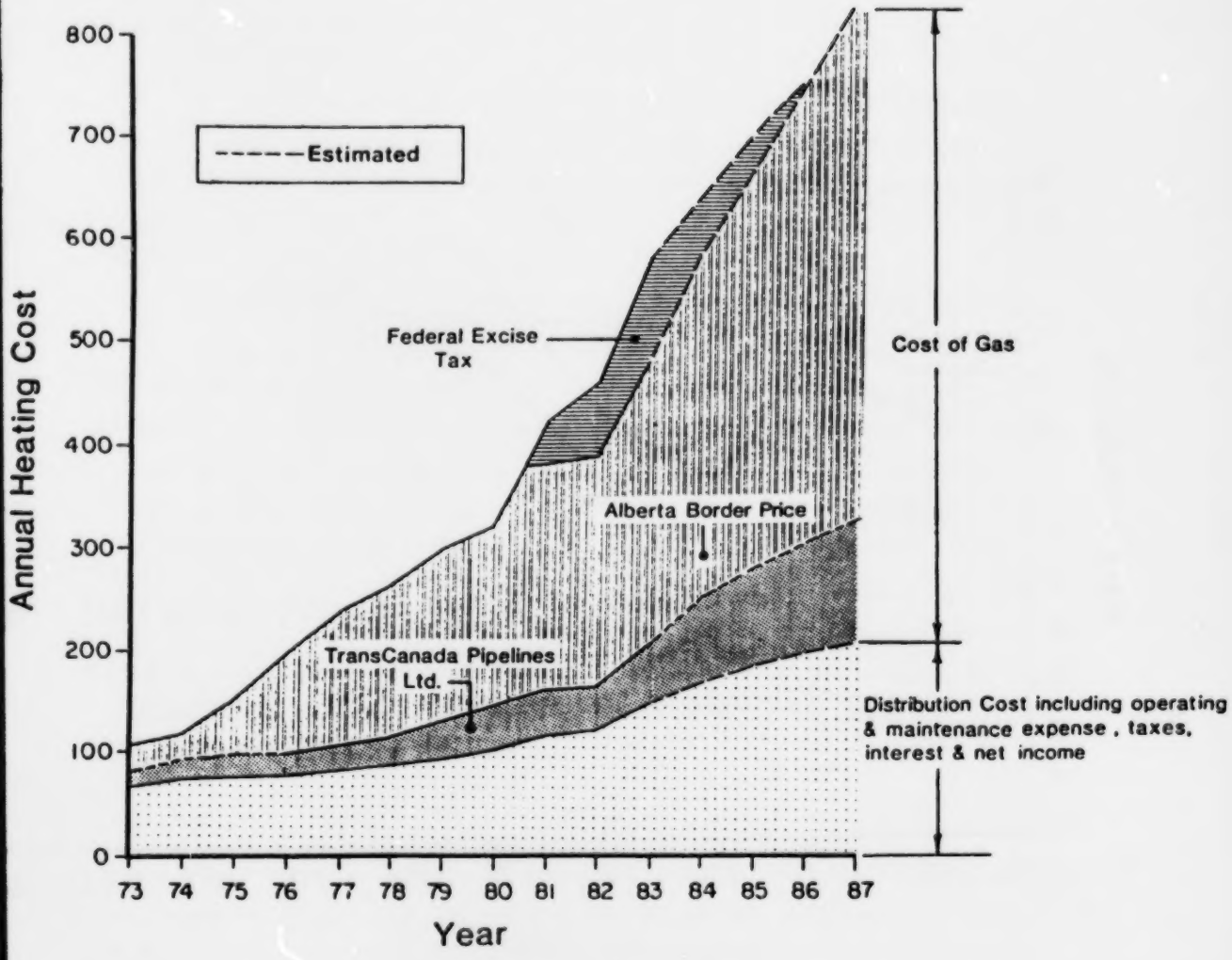
On April 27, 28 and 29 and May 26, 1982 the Board held public hearings with respect to the Company's application for approval of the Company's rate base based on a 1981 test year and for approval of an increase in overall rate of return from 11.92 percent to 13.91 percent. This request of the Company included an increase in the return on common equity component from 14.10 to 17.25 percent to reflect the increased cost of money.

After hearing the evidence of the Company and the Intervenors, including extensive evidence dealing with the cost of money and what a prospective investor might reasonably expect by way of a return on his investment in such a utility, the Board in its Order No. 126/82 indicated that it was not convinced that the magnitude of the increase in the overall rate of return and in return on common equity was justified

and accordingly reduced these amounts to 13.14 percent for an overall rate of return and to 15.25 percent for return on common equity.

Following further adjustments in other aspects of the Company's application the total annual revenue requirement of the Company was adjusted downwards from $213,796,987 to $211,434,475. It should be noted, $165,815,373 or 78.4 percent is attributable specifically to the Company's cost of gas component. The effect of the increase in rates approved by the Board would increase the average residential customer's heating bill by approximately $26.00.

As an indication that Greater Winnipeg Gas Company has not benefited from the increased gas prices in recent years it should be noted that in 1972 the net profit of Greater Winnipeg Gas Company was $3,366,000 on an investment (rate base) of $66,999,000. In 1981 the net profit of Greater Winnipeg Gas Company was $3,482,000 based on an investment of $96,461,000.

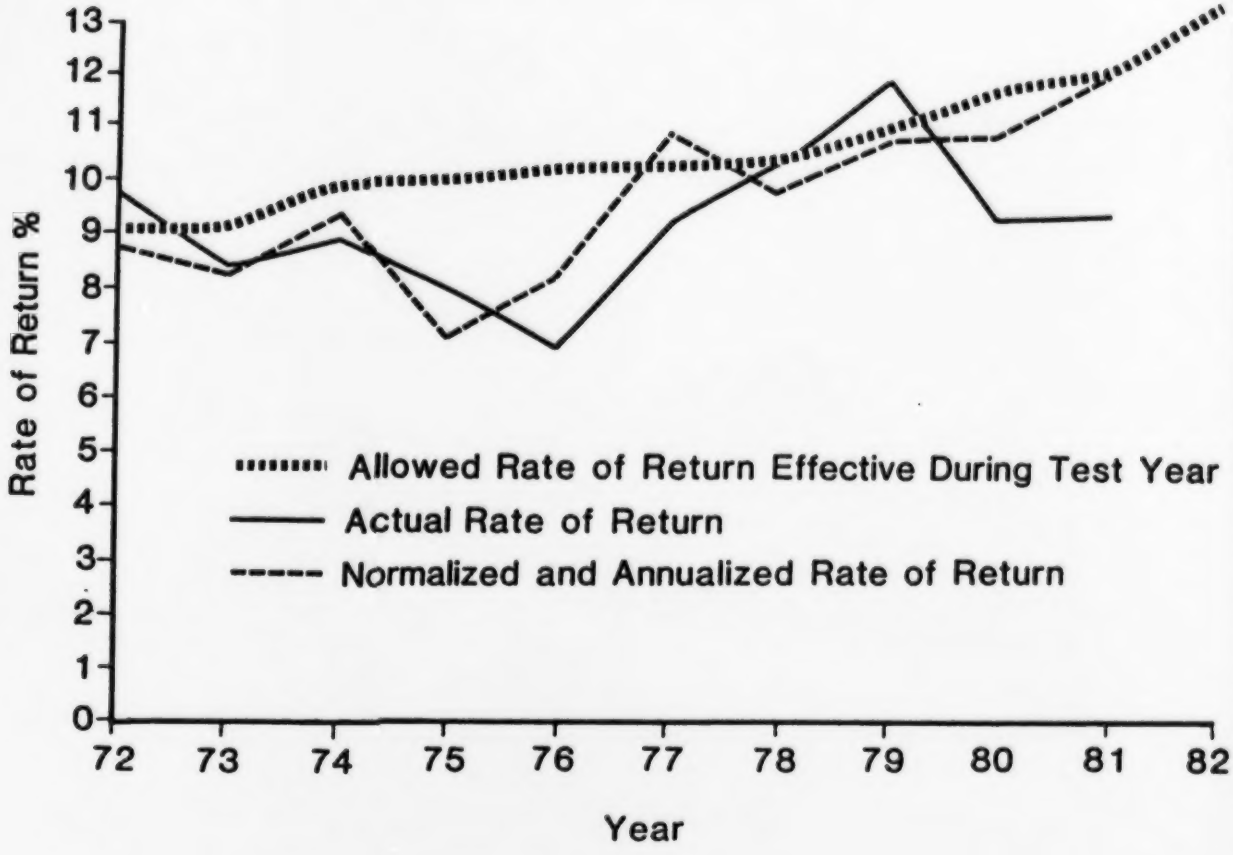


GREATER WINNIPEG GAS COMPANY

Annual Heating Cost of an Average Residential Customer

Based on Usage of 119 Mcf/Year Which Represents Only Space Heating. Hot Water Heating is not Included. Due to Conservation Effects Space Heating Consumption Has Declined From 142 Mcf/Year in 1975. At 1983 Rates, 142 Mcf Would Cost 696$.

NOTE: Rate of Return is the return earned or allowed to be earned by a utility calculated as a percentage of its rate base i.e. investment in property, plant and equipment.



GREATER WINNIPEG GAS COMPANY

Rate of Return on Rate Base

INTER-CITY GAS UTILITIES LTD.

Inter-City Gas Utilities Ltd. also applied to The Public Utilities Board for permission to pass-on increases attributable to the Federal-Alberta Agreement and to increased transportation costs paid to TransCanada PipeLines Ltd.

In Board Order Nos. 20/82, 151/82, 152/82 and 159/82 the Board dealt with the Company's applications with respect to cost of gas increases and approved the pass-through of the increased cost of gas.

On May 31 and June 1, 1982 the Board held public hearings in Portage la Prairie to hear the Company's application for an order determining the rate base, rate of return and rates based on the 1981 test year. The Company last came before the Board with a rate base, rate of return application in September of 1978 and its rate base was based on the test year 1977, that is the Company's investment in plant and equipment in 1977.

In the application before the Board, the Company applied for an increase in its overall rate of return from 11.222 percent to 14.263 percent which included an increase in rate of return on common equity from 13.5 percent to 17.0 percent.

While the Board agreed that an increase in rate of return was required to maintain the financial integrity of the Company and further to ensure the Company had the financial means to continue to distribute a safe and reliable source of energy, the Board could not find justification for approving the magnitude of the increase requested and accordingly, reduced the amount of the overall rate of return requested

to 12.5 percent and the amount of return on common equity to 14.31 percent.

Among other adjustments made to the Company's application, the Company's total annual revenue requirement applied for was reduced by the Board from $20,629,588 to $19,966,150 of which 78.6 percent constitutes the Company's cost of gas component. The effect of the increase in rates approved by the Board will increase the average residential customer's heating bill by approximately $35.00.

On another matter, the Board heard the Company's application for approval of a proposed debt financing on September 2, 1982. It was determined that the effect of the proposed financing arrangements would be to simply replace existing parent Company debt with outside debt of a fixed term and further to collapse some mortgage debt, which would relieve the Company of the restriction imposed by the existing debenture obligation. In so doing, the Board recognized that the Company is moving to a more traditional debt/equity relationship. The Board expressed its concern that the timing of the financing proposal may not be appropriate but it did not wish to usurp the Company's right to manage its own affairs and therefore approved in its Order No. 160/82 the financing application. The Board was convinced that this structural change should not impact immediately on revenue requirements and accordingly, approved the application subject to no increased revenue accruing to the Company as a direct result of the Board's decision for the period from the date of the Order until September 15, 1985, at which time certain components of the Company's debt financing package is due to expire.

Note: See Page 20 for bar graph showing rate of returns allowed by the Board, actually earned and adjusted for weather since 1979.

PLAINS-WESTERN GAS (MANITOBA) LTD.

By way of Notice of Public Hearing, the Board notified the customers of Plains-Western Gas (Manitoba) Ltd. in February and in August that it had received applications from the Company for permission to pass-through an increase in cost of gas as a result of the Federal-Alberta Agreement and TransCanada PipeLines transportation charges and that the impact that these increases would have on the average residential customer's heating bill, if the applications were approved by the Board as submitted, would be $70 and $50 respectively. Once again the Board pointed out that the reasons for the application by the Company were beyond the control of the Company and beyond the jurisdiction of the Board. To this end, the applications of the Company to pass-through such increases were approved by the Board in Order Nos. 19/82 and 149/82.

On November 8 and 9 and December 8 and 9, 1982, the Board held public hearings in Brandon, Manitoba to hear the Company's application for an order determining the rate base, rate of return and rates based on the test year 1981. This Company last came before the Board with a rate base, rate of return application in June, 1979 based on the test year 1978.

The Company was seeking approval for an increase in its overall rate of return from 10.76 percent to 12.94 percent which incorporated an increase in the Company's return on common equity from 14.64 percent to 17.0 percent. In support of its application the Company indicated that its total annual revenue requirement was $35,204,194 of which 89.7 percent is the cost of gas component.

With respect to the matter of rate of return in Order No. 13/83 dated January 26, 1983 the Board approved an increase in the overall rate of return to the Company from 10.76 percent to 11.91 percent. This treatment considered the present terms of the Company's

long and short-term debt. The Board stated that in light of current economic conditions, the Company will not be allowed any increase whatsoever in its rate of return on common equity. It will remain at 14.64 percent. The Board is satisfied that its decision will not adversely affect the financial stability of the Company.

The effect of the increase in rates as approved by the Board will increase the average residential customer's annual heating cost by approximately $18.00.

In conjunction with this application, the Company prepared and submitted its first fully allocated Cost of Service Study. Based on the evidence, the Board determined that the revenue/cost ratios as developed at the proposed rates were within a reasonable range.

During the course of the hearing the Company advised the Board that measures are being examined in order to combine the rate filings of this Company with that of Inter-City Gas Utilities Ltd., which are of common parent, i.e. Inter-City Gas Corporation. It is anticipated that the Board will see evidence of this amalgamation in the near future.

Note: See Page 20 for bar graph showing rate of returns allowed by the Board, actually earned and adjusted for weather since 1979.

PROPANE GAS DISTRIBUTION UTILITY

STEELGAS UTILITIES LTD.

In September of 1981 Steelgas Utilities Ltd. (the Company) appeared before the Board indicating that following its traditional tendering process for the purchase of propane, its parent company, Dome Petroleum Limited did not offer the most attractive arrangements, as the Company had been accustomed to, and that it had entered into a contract with Chevron Standard Limited. Unlike previous contracts which made no provision for a revision in propane costs for the term of the contract, the Chevron Standard Limited contract was subject to propane price fluctuations.

To avoid frequent changes in rates, the Board requested that the Company provide a method for handling product cost changes so that frequent changes could be eliminated. In response, the Company proposed the establishment of a variance account to track any difference between the actual cost of propane and the book cost of propane used for rate setting purposes. The balance in the variance account at the end of the contract year plus interest would be adjusted in the following year's revenue requirements. Any under or over recovery in the account would earn interest for the Company or for the customers at a rate equal to the Company's allowed rate of return.

On February 23, 1982, the Company advised the Board that the cost of propane had decreased, partially offset by a corresponding increase in Federal Excise Tax. As a result, the evidence indicated that substantial excess revenue would accumulate in the variance account by September 30, 1982.

The Board in Interim Ex Parte Order No. 75/82 dated April 1, 1982 ordered that the customers should receive an immediate

benefit from the net reduction in propane cost and accordingly instructed the Company to develop rates which would reduce the variance account, allow for payment of the Federal Excise Tax increment imposed on February 1, 1982 and in total reduce the projected balance at September 30, 1982 in the variance account by approximately $150,000. It was estimated that the total reduction on the average residential and commercial customers' bills for the period March to September, 1982 would be approximately $50 and $450 respectively.

On October 14, 1982 the Board held a public hearing in the City of Thompson to hear the Company's application for an order determining the rate base, rate of return and rates for the Company based on the 1981 test year. This Company last appeared before the Board in September, 1981.

In this application the Company applied for an increase in its overall rate of return from 13 percent to 15.25 percent noting that it had not changed in the last 2 years.

Recognizing that the Company is a wholly-owned subsidiary with no debt and that its capital structure is composed of 100 percent equity held by its parent and further recognizing the Company's argument that it is appropriate for this Company to have capital structure that is 100 percent equity, the Board in Order No. 215/82 ruled that it would not determine what the appropriate rate of return on equity is, but rather that it will determine a fair rate of return under all circumstances. Accordingly, the Board ruled that an increase in the Company's overall rate of return was warranted and allowed an increase from 13.0 percent to 13.75 percent.

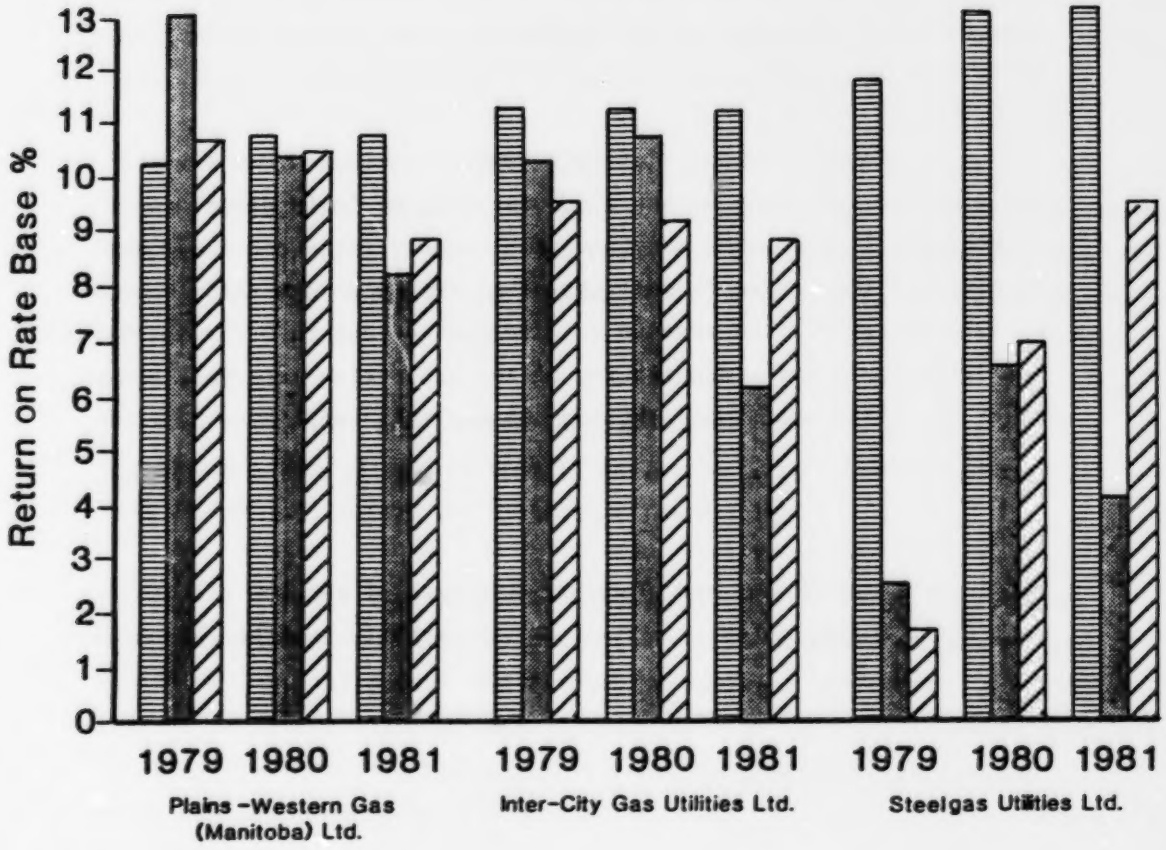
Among other adjustments to the Company's application, the Board ruled that the Company's annual revenue requirements be adjusted downwards from the $3,602,875 requested to $3,444,378, of which the cost of propane component to the Company makes up 70.5 percent of the Company's total requirement.

In light of the economic situation faced by many of the Company's customers located in Northern Manitoba, the Company was instructed to delay the implementation of the revised rates until the surplus in the variance account had been applied to revenue requirements. In effect, the Company's customers located in Thompson, Flin Flon and Snow Lake did not face an increase in rates on October 1, 1982 as anticipated.

For the purposes of this report, the Board was advised early in 1983 that the variance account will be fully drawn down by February 1, 1983 and therefore, the Company requested the Board to consider the Company's application to implement new rates February 1, 1983 to recover the revenue requirement set out in Order No. 215/82. Following the Board's examination of the supporting material, Board Order No. 19/83 was issued setting out new rates effective February 1, 1983.

Note: See Page 20 for bar graph showing rate of returns allowed by the Board, actually earned and adjusted for weather since 1979.

NOTE: Rate of Return is the return earned or allowed to be earned by a utility calculated as a percentage of its rate base i.e. investment in property, plant and equipment.



MANITOBA GAS UTILITY COMPANIES

Rate of Return on Rate Base

THE MANITOBA TELEPHONE SYSTEM

During the course of the 1982 calendar year the Board issued 18 Orders with respect to matters relating to the Manitoba Telephone System (the System). A number of these Orders dealt with routine matters such as improvement of service, introduction of market trials and specific adjustments to items in the System's General Tariff.

With respect to matters of special importance, the Board on May 13, 1982 approved by way of an Interim Ex Parte Order No. 102/82 the System's request to adjust downwards the rates set out in General Tariff Item 1500, 2112, 2152 and 2182 which dealt with rates for extension telephones, extra length cords, colour surcharge and residential touch tone service respectively. The Board was advised that the reduction in these specific tariff items was necessitated as a result of the recent announcement by the Minister responsible for the Manitoba Telephone Act authorizing the attachment to the System's network of non-Manitoba Telephone System owned residential extension telephones effective June 1, 1982. With the implementation of the revised rates, the System recognized that it may forego approximately $1,706,000 as a result of this application in order to remain competitive in the extension phone market.

On May 18, 19 and 20, 1982 in Winnipeg and on June 7 in Thompson, June 8 in Dauphin and June 9, 1982 in Brandon, the Board held public hearings to hear the application of the System for an Order or Orders for the approval of:

(a) Proposed Changes in Rates for Certain Items in the General Tariff;
(b) Proposed Introduction of Tariff Item 2186, Autoquote Services, and Corresponding Rate;

(c) Proposed changes in its Tariff for Business Communication Systems (BCS) and Hotel Business Communication Systems (HBCS), Being Tariff Items 1975 and 2030;

(d) Proposed Increase in Toll Charges as Recommended by Trans Canada Telephone System Effective July 1, 1982.

The Notice of Public Hearing with respect to this matter indicated clearly that the bulk of the evidence would be heard in Winnipeg and that the Board would travel to other parts of the Province to hear specific enquiries.

After considering all the evidence the Board ruled in Order No. 125/82 that it was apparent an increase in the System's rates was justified in order to sustain a realistic and viable financial position. The Board concluded that the projected net revenues resulting from the System's proposed rates were higher than the minimum which the System required or should expect to earn in light of the current economic environment. Accordingly, the System was instructed to re-examine its various general tariff items in order that the revenue increases forecast over the next 3 years will be reduced by approximately $3 million annually.

It should be noted that in this particular application the System deviated from its traditional practice for determining its rate groups by telephone count which included both main station telephones and extension telephones. The System proposed to change its method of arriving at a telephone count to include only main station telephones as is practised in other jurisdictions and this was found acceptable by the Board. Although some minor rate changes would occur as a result of this change, the Board was satisfied that no undue costs to customers will occur.

Furthermore, with respect to this application the System put before the Board for approval the rates for inter-toll service (originating within the province and terminating elsewhere and calls which pass through or over the province) as negotiated as a member company of Trans Canada Telephone System (TCTS). At the time of the application evidence indicated that some member companies of the TCTS were attempting to re-negotiate the agreement and that the Canadian Radio-Television and Telecommunication Commission (CRTC) was reviewing the application of companies under their jurisdiction with respect to this matter. The Board approved the rate set out by the System and instructed that the System re-apply to the Board for an implementation date following the resolution of these matters.

Subsequently, the Board received an application from the System indicating that the rates approved by the Board in its Order No. 125/82 had been revised downwards and as a result requested approval for amended rates. These rates were so approved in Order No. 165/82.

THE LIQUOR CONTROL COMMISSION

Pursuant to Sections 20(3) and 20(4) of The Liquor Control Act, The Liquor Control Commission (the Commission) applied to the Board on three occasions in 1982; each reflecting a request for a change in the wholesale price of beer paid by The Liquor Control Commission to the Manitoba Breweries.

On January 26, 1982 the Board heard the Commission's proposal for an increase in the wholesale price for beer negotiated between it and all the Manitoba Breweries in accordance with the provisions of The Liquor Control Act. The Board indicated in its Order No. 18/82 that it was satisfied that the determination of prices based on the use of partially projected data basis were justified and accordingly, approved the rate increase requested.

On November 5 and December 6, 1982, and for the purposes of this report, on January 21, 1983 the Board held public hearings to hear the Commission's applications to the Board for decreases in the wholesale price of beer as a result of the introduction of larger package sizes by the Brewers which correspondingly lowered production cost and also as a means to enhance a particular Brewers market share. Traditionally, during past proceedings, the Commission represented the collective wishes of the Brewers. These recent proceedings reflected a new trend whereby the Commission negotiated wholesale beer prices with the Brewers individually and correspondingly, applied to the Board on that basis.

These applications of the Commission were approved by the Board in Order Nos. 187/82, 205/82 and 9/83. In Order No. 9/83 the Board noted that all Brewers in Manitoba will receive the same price for a two-dozen carton of beer for off-premise consumption which

effectively eliminates any competitive advantage sought by the respective Brewers by the 3 applications. Labatt's Manitoba Brewery remains the sole Brewer with a reduced price for two-dozen cartons for on-premise sale and Carling O'Keefe Breweries of Canada Limited remains the sole Brewer to have not reduced the price on its draught beer.

THE MUNICIPAL ACT

WATER AND SEWER UTILITIES

There were a total of 101 applications filed with the Board by local municipal authorities, as set out below:

(i) 47 applications pursuant to Section 563 of The Municipal Act which requested approval and authorization for method of recovery pertaining to: one utility operating deficit for the year ended December 31, 1980, 38 utility operating revenue deficits for the year ending December 31, 1981 and 5 anticipated revenue deficits for 1982. There were 3 applications for approval of the method of recovery of additional revenue deficits above an amount initially applied for as a revenue deficit for the year ended December 31, 1981. In respect of the aforesaid 47 applications, Orders were issued authorizing same.

(ii) 42 applications for revisions, amendments or establishment of rates were processed and Orders were issued authorizing same. Board Guidelines which has been prepared and distributed to local authorities were applied wherever possible to ensure equity among all customers and that sufficient revenue would be provided to cover normally anticipated expenses plus an adequate contingency allowance. Applications were handled by hearing or Returnable Date Notice. In all cases the municipalities were served appropriate notice.

(iii) 10 applications for establishment of utility reserve funds and 2 applications amending utility reserve fund by-laws pursuant to Section 569 of The Municipal Act were processed and Orders issued to authorize the creation of or amendment to the reserve funds.

The Board authorized 17 requests by municipalities to make expenditures from their utility reserve funds established under Section 569 of The Municipal Act for miscellaneous purposes relating to the operations of the utilities.

The Board and its staff maintained continuous contact with applicant municipalities and others contemplating changes and seeking guidance in the preparation of their applications. Board staff met frequently with municipal representatives to clarify pre-application financial and technical information filings and to ensure that applications were filed in the form prescribed by the Board, pursuant to statute. In most instances, these applications required the preparation of a rate study, and when necessary, public hearings were held in the applicant municipalities.

Note: The Board's general guidelines were adopted in 1977 to assist an applicant municipality in the preparation of an application and supporting rate study, for the approval of rate increases only, or for the establishment of utility rates. The Board considers that the guidelines continue to assist substantially all municipalities by ensuring clarity and equity in respect of customer classifications, metered and unmetered customer services (and step rates to benefit larger consumers when this is considered desirable).

STREET LIGHTING CONTRACTS

53 applications were received by the Board for approval of street lighting contracts entered into by the municipalities with Manitoba Hydro. The majority of these contracts were submitted to the Board following the expiration of the existing 5 year agreement.

On occasion some applications were referred back to the municipality, either for correction, or simply for reconsideration with respect to the level of lighting being requested.

THE HIGHWAYS PROTECTION ACT

Pursuant to Section 21 of The Highways Protection Act the Board issued 9 Orders with respect to appeals of the decision of The Highway Traffic Board. All of these orders dealt with applications before The Highway Traffic Board for an access driveway within the control area adjacent to a Provincial Trunk Highway or any highway designated by regulation of The Highway Traffic Board as a Limited Access Highway.

In the 9 Orders of the Board 4 appeals were dismissed and 6 were allowed (one Order dealt with 2 appeals).

It should be noted that a public hearing is held by the Board in response to each appeal application under The Highways Protection Act. In many instances hearings are reconvened to permit further evidence to be presented to the Board. Furthermore, many meetings of the Panel hearing the appeal are frequently necessary, including on-site inspections where practicable. Because the Board fully appreciates the importance of these matters for both Appellant and Highway Authorities, and for the travelling public, and because of the element of finality in the Board's determination, great care is taken to ensure, as far as possible, full equity within the limitations of the governing statute.

THE PREARRANGED FUNERAL SERVICES ACT

As administrators of The Prearranged Funeral Services Act, the Board is responsible for licensing companies selling prearranged funeral plans and for ensuring that the operations of these firms conform to statutory requirements.

In 1982, the Board issued 24 licences of which 22 were renewals sought by Funeral Directors. Two applications for an initial licence, one of which involved a change in ownership were approved by the Board. In addition, there were 18 applications for approval of revisions and 2 applications for initial approval in prearranged funeral fees for caskets and services.

The Board continued to review and monitor the annual reports filed by the licensees and their trustees in respect of the prearranged funeral plans being sold and the contracted funds in trust.

THE CEMETERIES ACT

With respect to The Cemeteries Act, the Board issued 9 cemetery, 6 columbarium and 3 mausoleum licence renewals and 4 renewal licences to companies operating a crematory. One application for an initial licence to operate a columbarium and 2 applications for initial licences to operate a crematory, one of which involved a change of ownership were approved by the Board. 44 licences were issued to sales personnel on behalf of owners of cemeteries. In addition 9 applications, each for a revision in a schedule of fees for spaces, materials and services, were authorized.

The Board continued to monitor the maintenance and "passing of accounts by a Judge of the Surrogate Court" in respect of perpetual care funds collected and deposited in a trust fund with an approved trustee pursuant to The Cemeteries Act. In instances where it was discovered that the passing of accounts were not being executed in the period required by the Act, in spite of the provision under the Act for an extension of time, the Board continued to forward reminders to the cemetery owners that this matter remained outstanding.

During 1980 and 1981 the Board received complaints about the standard of maintenance at Elmwood Cemetery. Following numerous consultations between Board staff and Elmwood Cemetery officials, there was a noticeable improvement in the maintenance of the cemetery in 1982. The Board inspected Elmwood Cemetery and a number of other cemeteries of similar age and character in the summer of 1982, and is now satisfied that the operation and maintenance of Elmwood Cemetery compares favourably with other cemetery operations in the Winnipeg area.

CABLEVISION

On September 24, 1982 the Board received an application from the Greater Winnipeg Cablevision Limited (the Company) for an adjudication of rates as provided for in the Canada/Manitoba Agreement dated November 10, 1976 and as outlined in Order-in-Council 841/78 for the use of Manitoba Telephone System coaxial cable facilities in order that the Company might provide Pay Television service to subscribers in their licensed area, scheduled to commence February 1, 1983. At the time the application was made, the Company recognized that if the Board entertained the application, the Order must be conditional upon the Company obtaining a licence from the Canadian Radio-Television and Telecommunications Commission (C.R.T.C.) for provision of Pay Television Service.

On November 22, 1982 the Greater Winnipeg Cablevision Company Limited was advised that the application had been rejected by the Board as the resolution of the dispute would have no force and effect without (prior) authorization from the C.R.T.C. licensing Greater Winnipeg Cablevision Limited for pay-television programming.

This action by the Board was challenged and the Company applied to the Courts for an Order of Mandamus compelling The Public Utilities Board to receive and hear the application filed by the Company and to proceed to adjudicate the dispute between the Manitoba Telephone System and the Company pursuant to Order-in-Council No. 841/78. It was the decision of the Court of Queen's Bench for Manitoba dated December 17, 1982 that the Board was correct in the result in declining to exercise jurisdiction.

For the purposes of this report it is noted that by Order-in-Council No. 1339/82 dated November 10, 1982, the existing Order-in-Council No. 841/78 was rescinded and subsequently Order-in-Council No. 1470/82 dated December 15, 1982 was issued.

REVENUE

Most costs incurred by the Board in carrying out its operations were substantially recoverable from the utilities and agencies under its jurisdiction or making application for its services. The 1982 Revenue collected was as follows:

Public Utilities	$338,747.30
The Prearranged Funeral Services Act	600.00
The Cemeteries Act	1,391.50
The Highways Protection Act	225.00
	$340,963.80

These data cover actual receipts only for the period covered by this Report, ending December 31, 1982; receipts after that date will be recorded for the subsequent year.